

EXHIBIT 5
DATE 3/6/13
HB 2

INDIAN COUNTRY ECONOMIC DEVELOPMENT (ICED) PROGRAM

One of the greatest economic development challenges that Montana faces is capitalizing on or creating opportunities for job creation and economic prosperity on Montana's Indian Reservations and with non-reservation tribal members. This challenge requires not only the ability to create jobs, but a longer term commitment to develop the financial, legal, and physical infrastructure required to support a viable business environment in reservation economies.

- According to the 2010 Census, there were 62,555 self-identified American Indians in Montana, or about 6.3% of the total population. **Approximately, 38,357 American Indians, or about 61.3%, live on one of the seven reservations in the State.** The Blackfeet (8,944) and the Flathead Reservations (7,042) have the largest number of American Indian residents. Rocky Boy's (3,221) and the Fort Belknap (2,704) Reservations have the fewest.
- **American Indians are, on average, much younger than other Montanans.** In 2010 the median age for American Indians in Montana was 26.3 years, compared to 39.8 years for the total population in the state. The American Indian population in Montana will continue to grow at a faster rate than the rest of the State's population.
- **In 2011 dollars, the median income for American Indian households was \$30,521 - more than \$15,000 less than the state's median household income of \$45,324.**
- Based upon the methodology used, the unemployment rate for Reservations in Montana has historically ranged from 15% to 30%; using the Bureau of Labor Statistics methodology; and from 25% to 75% using Bureau of Indian Affairs methodology. **Whichever methodology is used, reservation unemployment rates are astronomically higher than the rest of the State, even in an economic downturn.**
- **A 2008 survey of poverty in school districts (whose boundaries are on the reservations) estimate American Indian children in families, ages 5-17 in poverty range from 21.2% (Confederated Salish & Kootenai Tribes) to 33.5% (Northern Cheyenne).**
- Recent figures from the Census¹ show the Reservations have made strides in preparing for a productive workforce by increased Educational Attainment. **Comparative figures for 2008-2011 and 2000 show maintained or increased HS graduates and more associate and bachelor degree completions for the majority of reservations.**
- **Where reservations continue to lag relative to the state as a whole is in good paying private sector employment....**Most recent wage data from the MT Department of Labor and Industry shows that, between 2009 and 2011, private sector employment for the six reporting reservations fell from 8,142 jobs to 7,875 jobs. Additionally, the annual average wage in 2011 for private sector jobs of \$29,799 is significantly below the state average of \$34,518.... **Why do reservation economies continue to lag?**

¹ U.S. Census 2007-2011 American Community Survey

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While the ICED Program has exceeded performance requirements of job creation and matching funds (see the following section: *Funding Structure and Performance*), that is only a portion of the work that needs to be done to make fundamental economy shifts in Indian Country. **Montana will not see a change in employment and social program numbers until there is a viable business ecology on reservations to foster more diverse, healthy, and sustainable job and business opportunities.** We can't expect tribal nations to quickly heal from generational conditions of job scarcity and over-representation in social welfare programs. **This is a change that happens deliberately over time with a firm commitment and partnering between the State of Montana and the tribal nations.**

The ICED program has funded critical tribal business infrastructure development activities:

- **Crow (Apsáalooke) Nation** has simultaneously built the legal and financial infrastructure of tribal code to perfect security interest while building financial lending mechanisms.
- **Confederated Salish & Kootenai Tribes** have developed their commercial business sites and leasing program so that small businesses they are fostering have a place to hang their shingle.
- The **Blackfeet Tribe** has been directly investing into the start-up of small businesses on the Blackfeet Reservation, funding over 14 private businesses with more to come in 2013.
- The **Fort Peck Tribes** have pursued partnerships and infrastructure developments to better take advantage of the influx of people, traffic, and business needs due to the Bakken oil boom.
- The **Fort Belknap Indian Community**, through Island Mountain Development Group has increased business diversity on the reservation so that more people are spending their money locally, whether it is at the local coffee shop, grocery store, or restaurant.
- The **Northern Cheyenne Tribe** has utilized ICED funds to not only lay the groundwork to develop a tribal telecommunications network, but also has invested funds into a strategically located Arts, Crafts, and Tourism Center to capture tourism and traffic revenue.
- After two consecutive 100 year flood events, the **Chippewa Cree Tribe** has developed a Recovery Master Plan to relocate their tribal headquarters and population center from Rocky Boy Agency to higher ground in the Middle Dry Fork Area. ICED funds are being used to determine the feasibility and ideal location for commercial development in this area.
- The **Little Shell Chippewa Tribe** has focused their ICED funding to maximize their natural resources, physical assets, and tourism opportunities. From timber resource and property valuations and acquisitions, to creating tourism opportunities, the entrepreneurial Little Shell Chippewa Tribe is making itself distinct in Montana's physical and fiscal landscape.

RISK OF NOT FUNDING ICED

Failing to renew the Indian Country Economic Development Program would reverse the measurable progress that has been made in developing the economies on Montana reservation communities. If the proposal is not adopted, the economies on Montana's Indian reservations will continue to lag behind the rest of Montana's economy. The elimination of economic development opportunities in tribal communities may cause the tribes to be more vulnerable to economic instability. The economic status quo could result in increasing poverty and unemployment rates.

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FUNDING STRUCTURE AND PERFORMANCE

Total requested funding is \$1.6M for the FY 2014-2015 biennium at \$800,000 per year. This funding source is used in three separate but complementary ways and supports balanced economic development in the tribal communities in Montana:

- **Tribal Government Priority Economic Development Projects.....\$560,000/year**
 - \$70,000 per tribe
 - Minimum 1:1 match
 - Governing body of the tribe is the eligible applicant; a tribal resolution is required
- **Montana Indian Equity Fund\$126,000/year**
 - \$7,000 per successful applicant
 - Minimum 1:1 match
 - Enrolled Native-owned business owner is the eligible applicant
 - 2 awards per Tribe and 2 at large award for a total of 18 slots (one additional award was included for FY2012)
- **Indian Entrepreneur Training & Technical Assistance.....\$24,000/year**
 - \$3,000 stipend per reservation served
- **Personal Services (1 FTE) Program management.....\$90,000/year**
- TOTAL ICED PROGRAM FUNDING REQUEST.....\$800,000/year**

ICED PROGRAM PERFORMANCE FY 2006-2012	
Awards & Leverage	
Business Development Projects	147 projects
Total Funds Awarded (since FY2006)	\$4.4 million
Leveraged Funds (non-Commerce debt, equity, etc.)	\$25.1 million
Leverage Ratio (non-Commerce to ICED awarded dollars)	5.6 to 1
Investments	
Training (Indian Entrepreneurship)	\$141,000
Private business investments (Indian Equity Fund)	\$608,125
Tribal Priority Economic Development	\$3,647,950
Total Investment	\$4.4 million
Jobs/Businesses/Training	
Private businesses created and retained	91
Jobs created and retained (full-time, part-time)	212 jobs
Persons trained with Tribal priority funds	523
Persons trained with Indian entrepreneur funds	667

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TRIBAL GOVERNMENT PRIORITY ECONOMIC DEVELOPMENT PROJECTS



Fort Belnap Indian Community Smokehouse Grill (\$70,000)

ICED funds utilized in the project supported the start-up of the Smokehouse Grill, a restaurant located in Fort Belnap Agency, MT. **23 part-time employees**, between the Smokehouse Grill and Island Mountain Development Group (the Tribe's economic development entity) were supported by this funding.

Blackfeet Tribe

Small Business Development Fund (\$70,000)

ICED funds supported the start-up or expansion of ten tribal-member owned businesses on the Blackfeet Reservation.



MONTANA INDIAN EQUITY FUND

Clara Caufield

"A Cheyenne Voice" (\$7,000)

Clara was awarded a \$7,000 Montana Indian Equity Fund Grant in 2011 for her publication "A Cheyenne Voice". Clara utilized the funding to purchase printing equipment and supplies. "A

Cheyenne Voice" distribution has grown from 200 weekly copies to over 1,000 weekly circulated copies.



Aileen Meyer

Finley Creek Greenhouse (\$7,000)

Aileen Meyer, owner of Finley Creek Greenhouse in Arlee, Montana utilized a \$7,000 Montana Indian Equity Fund grant to increase her inventory in 2009. Aileen matched her award with \$43,800 in assets and inventory.



INDIAN ENTREPRENEUR TRAINING & TECHNICAL ASSISTANCE



Yolanda Good Voice

Crow Indian Entrepreneur Training (\$3,000)

Yolanda Good Voice has provided almost 70 individuals training and has worked with over 200 individuals to provide them with business resources and training. Yolanda was recently named the **Small Business Administration 2012 Minority Small Business Champion**.